Revival of sick fertilizer plants

2670. SHRI RAJUBHAIA PARMAR: Will the Minister of CHEMICAL AND FERTILIZERS be pleased to state:

(a) the number, details including production capacity, estimated capital and cost of assets lying idle, of the sick-fertilizer units in the public, private and joint cooperative sectors;

(b) whether there are any plans to revive these mills; and

(c) the total estimated cost likely to be involved in revival of each unit, and the steps, if any, taken and being taken in this direction?

THE MINISTER OF STATE OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SHEES RAM OLA): (a) to (c) Of the eight fertilizer producing Public Sector Undertakings (PSUs) and two cooperative societies under the administrative control of this Ministry, two PSUs viz. Hindustan Fertilizer Corporation Limited (HFC) and Fertilizer Corporation of India Limited (FCI) were declared sick by the Board for Industrial and Financial Reconstruction (BIFR) in November, 1992.

The desired information in respect of the capital investment made by the Government in HFC and FCI in the form of equity and their installed capacity in terms of Nitrogen as on 31.3.96 is as under:

Name of the PSU	Paid up equity (Rs. in crore)	Installed capacity per annum (Lakh MT Nitrogen)
HFC	705.11	6.53
FCI	661.74	8.08

The Gorakhpur Unit of FCI having an annual installed capacity of 1.31 MT Nitrogen is closed since June, 1990, following an accident. The commissioning activities of the Haldia project of HFC were suspended in October, 1986 due to repeated equipment breakdowns.

The revival packages formulated to restore the financial health of HFC and FCI, which were approved in principle in April, 1995, envisaged the revamp of Durgapur, Barauni and Namrup units of HCF and Sindri, Ramagundam and Talcher units of FCI. The revival packages entailed a fresh investment of Rs. 2201.13 crore (Rs. 464.93 crore for HCF and 1736.20 crore for FCI) at 1994 price levels, apart from other financial reliefs to these undertakings. Since the revamp of Haldia project of HFC and Gorakhpur unit of FCI was not found to be techno-economically viable, it was proposed to attract private capital for their rehabilitation. The funding arrangements for these packages could not be tied up. In order to minimise the requirement of budgetary support for the rehabilitation of the sick PSUs, an expert group has been constituted to reformulate the revival packages from the standpoint of funding by the Financial Institutions (FIs). The final revival packages would also require the approval of the BIFR, which is a quasi-judicial authority.

In addition, 16 fertilizer enterprises in the private sector had been registered as sick companies with the BIFR upto 31.7.96. The revival plans for sick fertilizer companies in the private sector are formulated by their respective promoters. The revival/ rehabilitation schemes in respect of four companies have been sanctioned/ approved; and the draft rehabilitation scheme in respect of one company has been circulated by the BIFR.